

TOOWOOMBA CBD AND PDA COMMERCIAL PROPERTY REVIEW FOR 2021





JOIN THE INVESTORS DURING 2022/23

The buoyant commercial property market enabled the Toowoomba CBD and Railway Parklands Priority Development Area (PDA) to achieve a record of 33 commercial property sales during 2021, including the sale of the former Amart Store (known as the Pigott's Building) for \$6m – viewed as a landmark sale for the CBD. (Source: 3D Property Consulting)

Investor demand for quality commercial properties with secure long-term cash flows is very strong and yields are being compressed for properties that meet these criteria. (Source: 3D Property Consulting)

The superior investment yields achieved in Toowoomba are a standout feature of the comparative CBD analysis, firmly placing the city on the national investor radar. This is reflected and further enhanced by the affordability of Toowoomba commercial property as highlighted via the capital value comparisons. (Source: 3D Property Consulting)

This picture of investment and growth is underpinned by over \$850m of investment during the previous 10 years by both the public and private sectors in over 40 projects across the CBD. Few, if any, Australian regional CBDs can point to this level of investment.

The wider Toowoomba CBD provides employment for more than 18,700 workers, 1200 businesses and generates more than \$2 billion in value-add.

The CBD's significance extends far beyond the Region. It is an important regional centre for South and West Queensland and northern New South Wales across retail, professional and financial services, resources, entertainment, health care and education.

Council has great faith in the CBD and sees the potential to further encourage inner city living.

The recent announcement of SEQ City Deal funding for the Railway Parklands will enable the commencement of a catalytic parkland to further stimulate investment in medium density residential, short stay accommodation and other commercial opportunities, generating significant visitation and overnight stays.

I invite you to share in our beautiful city and the wealth of investment opportunities it offers.

Cr Paul Antonio
Mayor, Toowoomba Regional Council



TOOWOOMBA CBD COMMERCIAL PROPERTY MARKET INDICATORS 2021

PROPERTY TYPE	GROSS RENTAL RANGE (\$/m ² P.A)	INVESTMENT YIELD RANGE (%)	CAPITAL VALUE RANGE (\$/m ²)
Retail - CBD Prime	\$500-\$800	6.0 - 7.0	\$3,500-\$4,500
Retail - CBD Secondary	\$250-\$500	7.0 - 8.0	\$3,000-\$4,000
Retail - Bulky Goods	\$250-\$400	6.0 - 7.0	\$2,000-\$3,000
Office - A Grade	\$340-\$440	6.0 - 7.0	\$3,500-\$4,500
Office - Secondary Grade	\$200-\$300	7.0 - 8.0	\$2,500-\$3,500

(Source: 3D Property Consulting)

COMMERCIAL PROPERTY TRANSACTIONS:

Following the general uncertainty experienced across all property markets in the second quarter of 2020, sales activity for Toowoomba CBD commercial property rebounded strongly throughout 2021, with transactions recorded for all commercial property types, including commercial investments, development sites and owner-occupied premises.

The graph below depicts the 10-year commercial property sales cycle within the wider Toowoomba CBD. Thirty-three commercial sales are recorded

for 2021, with a median sale price of \$935,000. The previous activity peak was in 2014 when 30 sales were recorded at a median price of \$785,750. The buoyant conditions experienced in 2021 follow the lowest level of transactions achieved during the past 10 years, with only 11 settled sales recorded during 2020.

All indicators are pointing to another strong year for the Toowoomba CBD and the broader Toowoomba commercial property market during 2022.

TOOWOOMBA CITY COMMERCIAL SALES CYCLE



(Source: 3D Property Consulting & RP Data)

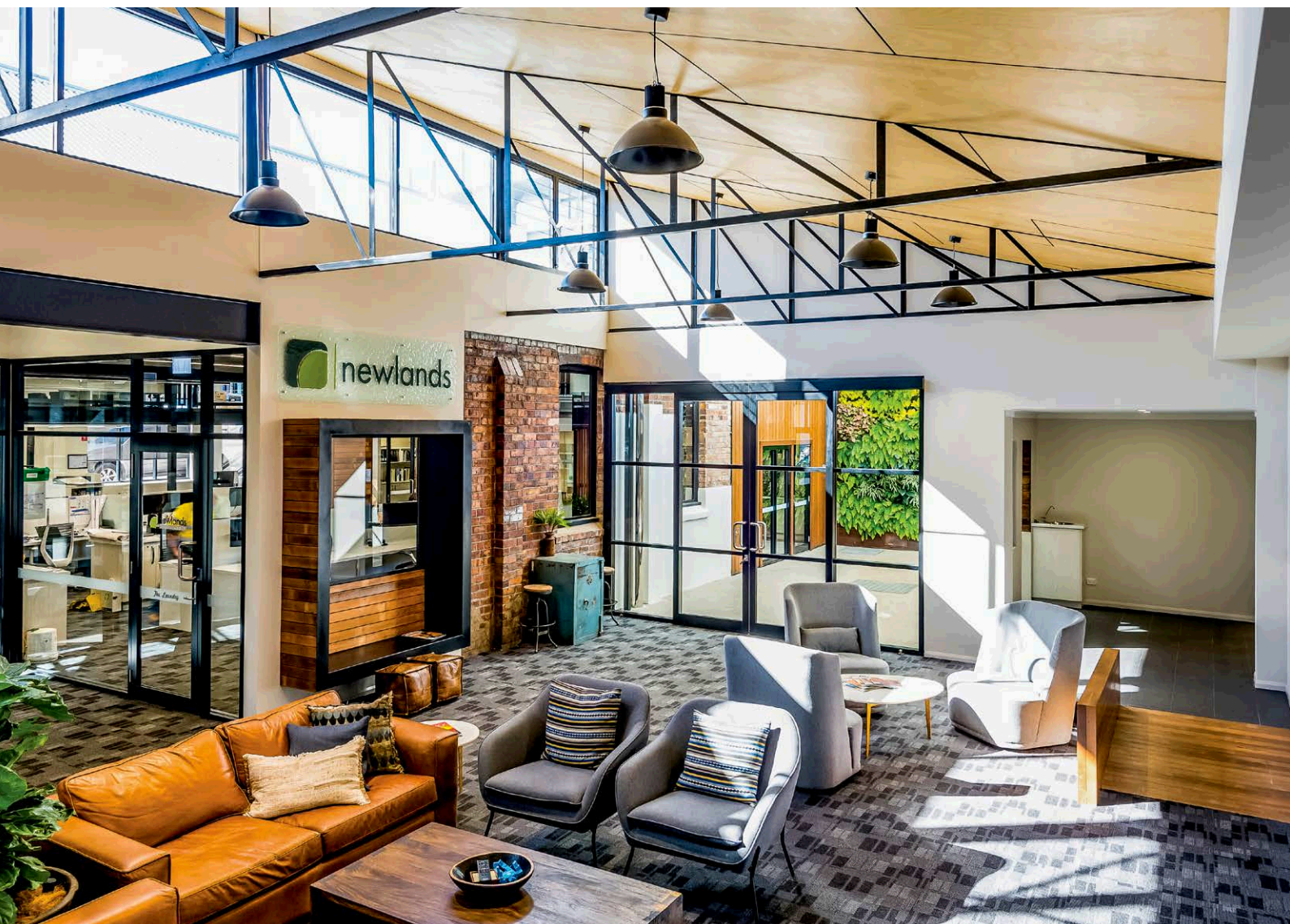
INVESTMENT SALES:

Investor demand for quality commercial properties with secure long-term cash flows is very strong and yields are being compressed for properties that meet these criteria. Recent investment sales of note are summarised in the following table:

TOOWOOMBA CBD COMMERCIAL INVESTMENT SALES SUMMARY 2021

ADDRESS	SUBURB	PROPERTY TYPE	SALE DATE	SALE PRICE	LAND AREA (M ²)	LETTABLE AREA (M ²)	\$/M ² LETTABLE AREA	ANALYSED MARKET YIELD (%)
300 Ruthven St	Toowoomba City	Office	31/11/21	\$1,500,000	452	300	\$5,000	7.40
20-22 Hill St	Toowoomba City	Office/Retail	20/8/21	\$1,500,500	1,124	477	\$3,145	6.30
215-217 James St	Toowoomba City	Retail - Bulky Goods	10/8/21	\$3,125,000	2,448	2,912	\$1,073	7.04
657 Ruthven St	Toowoomba City	Retail - Bulky Goods	27/6/21	\$3,725,000	2,671	1,681	\$2,216	8.15
152 Margaret St	Toowoomba City	Office	29/4/21	\$1,855,000	566	725	\$2,559	7.26
18 Hill St	Toowoomba City	Childcare Centre	31/3/21	\$6,630,000	2,428	889	\$7,458	5.39
5/532-534 Ruthven St	Toowoomba City	Retail	14/5/21	\$1,480,000	231	231	\$6,407	8.17
182 Ruthven St	North Toowoomba	Office	25/5/21	\$1,100,000	713	237	\$4,641	6.08

(Source: 3D Property Consulting & RP Data)





DEVELOPMENT SALES:

Several major CBD / PDA development sites were contracted during 2021, including:

TOOWOOMBA CBD COMMERCIAL DEVELOPMENT SALES SUMMARY 2021

ADDRESS	SUBURB	PROPERTY TYPE	SALE DATE	SALE PRICE	LAND AREA (M ²)	LETTABLE AREA (M ²)	\$/M ² LETTABLE AREA	\$/M ² LAND AREA
381-391 Ruthven St	Toowoomba City	Pigotts Building - Former Super Amart	19/7/21	\$6,000,000	4,775	6,236	\$962	\$1,257
393 Ruthven St	Toowoomba City	Former Aussie Homeware Furniture	8/12/21	TBA	2,113	2,110	TBA	TBA
1A-3 Neil St	Toowoomba City	Former Gasworks Site	1/9/21	\$3,600,000	10,569	N/A	N/A	\$341
159 James St	Toowoomba City	Former Sizzlers	14/5/21	\$4,500,000	5,756	898	\$5,011	\$782
241-243 James St	Toowoomba City	Vacant Land	12/4/21	\$1,313,200	3,283	N/A	N/A	\$400
28 Neil St	Toowoomba City	Former Greyhound Bus Depot	28/7/20	\$2,800,000	3,757	1,350	\$2,074	\$745

(Source: 3D Property Consulting & RP Data)

One of the largest CBD development site sales achieved in recent years was secured during 2021. The former Super Amart store (known as the Pigotts Building) at **381-391 Ruthven Street** sold to an interstate developer for \$6m and was reported as a 'benchmark' sale for the Toowoomba CBD. The post 1 acre 'Principal Centre' zoned site has frontage to Ruthven and Victoria Streets and has a 10-storey building height potential. The adjoining property at **393 Ruthven Street** sold to the same buyer creating an amalgamated site area of 6,888m².

The 10,000+m² former Toowoomba Gasworks site at **1A-3 Neil Street** sold during 2021 for \$3.6m to an interstate investor for a mixed-use development.

The prominent former 'Sizzler' at **159 James Street** was purchased by a local investor during May 2021 for \$4.5m. The property will be owner occupied and converted to a rental car depot, trading as Avis.

A vacant 3,283m² 'Mixed Use' zoned parcel of land at **241-243 James Street** sold in April 2021 for \$1,313,200, reflecting \$400 per m².

The former Greyhound Bus Depot on a 3,757m² CBD site at **28 Neil Street** was purchased by Bernoth Holdings Pty Ltd for \$2.8m in 2021, reflecting \$745m² of improved land area.



COMMERCIAL LEASES:

New leases have been established across all tenancy types, including food and beverage, bulky goods, niche retail and professional office. Many of these sectors have been resilient and continued to thrive in parallel with the continued upward trajectory of online retail.

There is a real opportunity for regional centres such as Toowoomba to capitalise on decentralisation to the regions where investors, business owners and employees have the added lifestyle benefits, including reduced commuting times, access to high

quality schools and medical facilities and lower cost housing. Office leasing costs are also highly affordable compared to the capital city CBD's.

Incentives have generally increased post COVID-19, however face rents for quality properties have not been significantly eroded. Incentives are commonly in the form of rent-free periods and/or contribution to fit out, to assist the tenants with establishment costs and to set them up for long term success.

A selection of recent lease transactions is tabled below:

TOOWOOMBA CBD COMMERCIAL LEASE SUMMARY 2021

ADDRESS	SUBURB	PROPERTY TYPE	LETTABLE AREA (M ²)	START DATE	TERM (YEARS)	GROSS RENTAL P.A.	\$/M ² LETTABLE AREA GROSS	COMMENTS
300 Ruthven St	Toowoomba City	Office	300	1/1/22	5	\$129,512	\$432	4 car-parks included
4/520-526 Ruthven St	Toowoomba City	Retail	100	1/12/21	7	\$60,000	\$600	
13/532-542 Ruthven St	Toowoomba City	Office	120	1/12/21	2	\$54,000	\$450	1 car-park, fitout included
5/614-616 Ruthven St	Toowoomba City	Office	98	1/3/21	1	\$27,250	\$278	2 car-parks included
152 Margaret St	Toowoomba City	Office	488	15/2/21	3	\$120,000	\$246	6 car-parks included
20 Hill St	Toowoomba City	Retail	218	10/8/20	5	\$56,000	\$257	7 car-parks included
6/566 Ruthven St	Toowoomba City	Office	74	1/1/22	2	\$20,720	\$280	1 car-park included
182 Ruthven St	North Toowoomba	Office	237	1/8/20	6+3+3	\$80,500	\$340	8 car-parks included

(Source: 3D Property Consulting)

COMPARATIVE CBD DATA ANALYSIS:

The Toowoomba CBD commercial property market indicators have been benchmarked against other major centres in South East Queensland. This comparison exercise provides added richness and meaning to the raw data and highlights variances and similarities between the regions.

The superior investment yields achieved in Toowoomba are a standout feature of the comparative analysis, firmly placing the city on the national investor

radar. This is reflected and further enhanced by the affordability of Toowoomba commercial property as highlighted via the capital value comparisons.

Rental rates for Toowoomba CBD commercial property also offer tenants an affordability advantage, particularly within retail (both prime and secondary) and 'A' grade professional office, however some new developments are achieving new rental benchmarks, underpinning the project feasibility.

CBD COMMERCIAL PROPERTY MARKET INDICATORS COMPARATIVE ANALYSIS 2021

INDICATOR	PROPERTY TYPE				
	Retail – CBD Prime	Retail – CBD Secondary	Retail – Bulky Goods	Office – A Grade	Office – Secondary Grade
TOOWOOMBA					
Gross Rental Range (\$/m ² P.A)	\$500 - \$800	\$250 - \$500	\$250 - \$400	\$340 - \$440	\$200 - \$300
Investment Yield Range (%)	6.0% - 7.0%	7.0% - 8.0%	6.0% - 7.0%	6.0% - 7.0%	7.0% - 8.0%
Capital Value Range (\$/m ²)	\$3,500 - \$4,500	\$3,000 - \$4,000	\$2,000 - \$3,000	\$3,500 - \$4,500	\$2,500 - \$3,500
BRISBANE					
Gross Rental Range (\$/m ² P.A)	\$2,000 - \$6,000	\$1,000 to \$2,000	\$280 - \$400	\$600 - \$800	\$450 - \$700
Investment Yield Range (%)	4.0% - 5.5%	4.75% - 5.75%	5.0% - 6.5%	5.0% - 6.0%	6.0% - 7.0%
Capital Value Range (\$/m ²)	\$20,000 - \$50,000	\$10,000 - \$20,000	\$3,000 - \$6,000	\$8,000 - \$11,000	\$4,000 - \$7,000
IPSWICH					
Gross Rental Range (\$/m ² P.A)	\$400 - \$800	\$250 - \$400	\$280 - \$400	\$450 - \$520	\$250 - \$350
Investment Yield Range (%)	6.0% - 7.0%	7.0% - 8.0%	5.5% - 6.5%	6.0% - 7.0%	7.0% - 8.0%
Capital Value Range (\$/m ²)	\$3,500 - \$4,500	\$3,000 - \$4,000	\$2,500 - \$3,500	\$4,000 - \$5,000	\$2,500 - \$3,500
GOLD COAST					
Gross Rental Range (\$/m ² P.A)	\$1,000 - \$1,500**	\$700 - \$1,000	\$300 - \$350	\$450 - \$500	\$350 - \$450
Investment Yield Range (%)	5.0% - 6.0%	6.0% - 7.0%	6.0% - 7.0%	6.5% - 7.5%	7.5% - 8.5%
Capital Value Range (\$/m ²)	\$12,000 - \$15,000	\$7,000 - \$10,000	\$3,000 - \$5,000	\$4,000 - \$5,000	\$2,500 - \$4,000
SUNSHINE COAST					
Gross Rental Range (\$/m ² P.A)	\$1,000 - \$3,500	\$300 - \$550	\$250 - \$400	\$400 - \$500	\$250 - \$380
Investment Yield Range (%)	4.5% - 5.5%	5.0% - 6.5%	5.5% - 6.5%	5.0% - 6.5%	6.0% - 7.5%
Capital Value Range (\$/m ²)	\$20,000 - \$50,000	\$4,000 - \$9,000	\$3,500 - \$6,000	\$5,000 - \$9,000	\$2,800 - \$4,500

(Source: 3D Property Consulting & HTW)

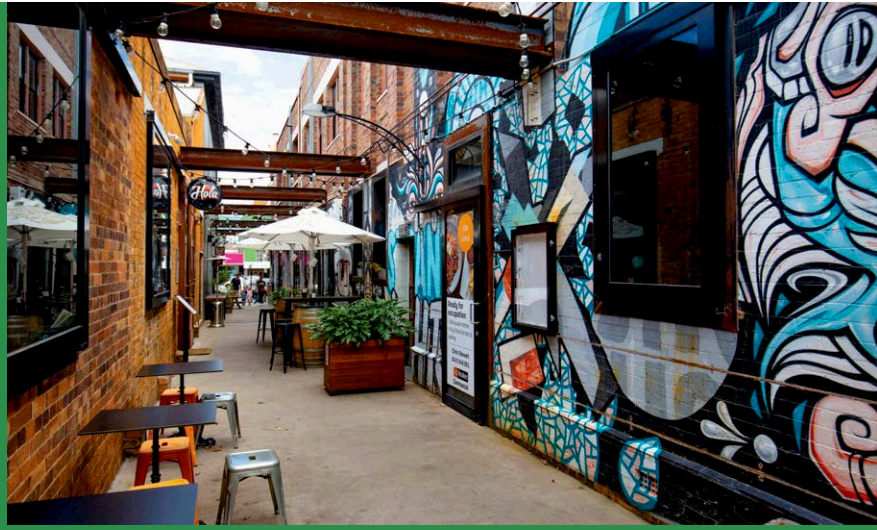
** Excludes ultra prime tourist retail

CASE STUDIES – REPURPOSEMENT OF CBD / PDA BUILDINGS INTO NEW VIBRANT PLACES:

WALTON STORES: 468-476 RUTHVEN STREET

Centrally located within the Toowoomba CBD, Walton Stores is an impressive redevelopment of older style retail buildings into a contemporary and vibrant mixed-use development. Comprising three adjoining properties with a combined site area of 3,621m², the redeveloped project provides 2,728m² of lettable area across 15 tenancies. Anchored by finance companies on the Ruthven Street frontage, including Westpac, ANZ and CUA (Credit Union Australia), the development is also supported by a diverse range of hospitality and retail businesses providing a new lifestyle hub for both residents and visitors. The project was awarded the Regional Project of the Year by the Australian Institute of Architects in 2017, who cited its important contribution to the fabric of the CBD, proving that heritage and modern living can be successfully married together.

(Source: 3D Property Consulting & RP Data)



THE ROWES PRECINCT: 34-60 RUSSELL STREET

The \$15m landmark Rowes Precinct is the city's most recent significant redevelopment project. The pre-existing Rowes retail complex has been redeveloped and repurposed to accommodate a range of existing, new and reconfigured retail and commercial uses, including Rowes Furniture Store. Comprising 12 adjoining lots with a combined site area of 3,732m², the redeveloped project provides 3,574m² of lettable area across 16 tenancy areas. The key anchor tenant for the new and redeveloped section on Level 1 is The Chronicle (News Corp). The project is another fine example of successfully blending heritage and modern design.

(Source: 3D Property Consulting & RP Data)

THE LONGS QUARTER: 199 MARGARET STREET

More than a century after it was first built, one of Toowoomba's most iconic buildings has been given a second lease on life. Centrally located within the Toowoomba CBD, the Longs Quarter is an extensive redevelopment of an older style retail complex into a contemporary mixed-use development. The Longs Quarter inherited its new name from the man who commissioned the initial project, hotelier, alderman and farmer John Long.

Located on a 1,425m² site, the redeveloped project provides 975m² of lettable area across seven tenancies, including a shared co-working space known as The Work Quarter.

A key feature is a large, rear north-facing courtyard, complementing the modern rear façade. The Longs Quarter project consultants were committed to retaining the heritage character of the building, successfully blending old and new.

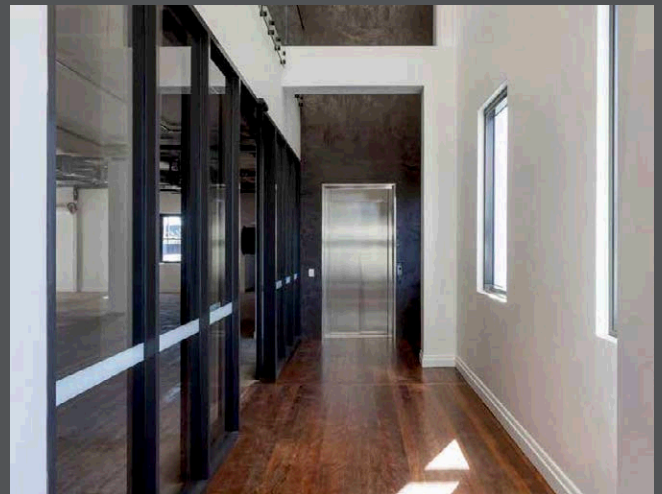
(Source: 3D Property Consulting & RP Data)



THE TOOWOOMBA FOUNDRY: 259 RUTHVEN STREET

Located in the PDA, the Toowoomba Foundry is an extensive redevelopment and reuse of the historic and heritage listed former industrial complex into a modern facility designed to host the next generation of Toowoomba enterprises. With a site area of 4,265m², the Toowoomba Foundry provides approximately 2,200m² of lettable area, capable of hosting up to 6 tenancies. The heritage project was developed under two separate construction contracts, both with Toowoomba based companies.

(Source: 3D Property Consulting & RP Data)



THE LAUNDRY: 6 ANN STREET

Located in the PDA, the Laundry was one of the first pioneering redevelopment projects in the PDA and was undertaken in 2017. The former Knight's Laundry was repurposed from a 1,100m² industrial building into a modern, multi-tenanted professional office complex with adjoining café. The redeveloped project provides 929m² of lettable area across three tenancies, plus 352m² of shared space including common foyer, reception, meeting room, courtyard, and Level 1 boardroom. Tenants include Newlands, Toowoomba and Surat Basin Enterprise (TSBE) and Milk and Honey Espresso Bar. The project was a winner in the 2018 Building Designers' Association Queensland State Design Awards for Alterations/Additions, Commercial Buildings, and Best Heritage Design.

(Source: 3D Property Consulting & RP Data)



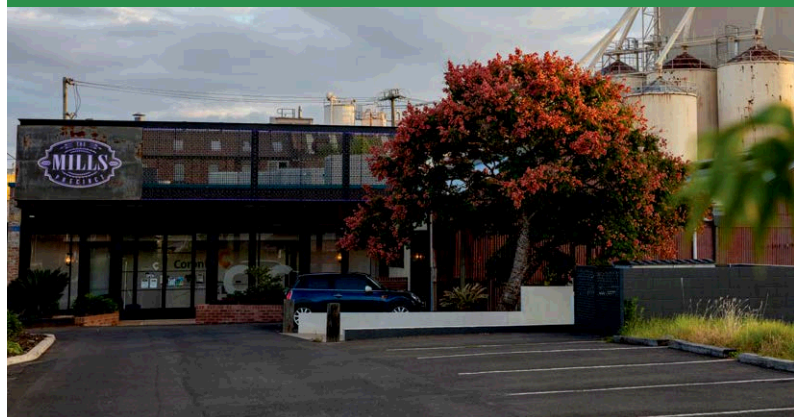
THE MILLS PRECINCT: 251/291 RUTHVEN STREET

The Mills Precinct's foundations are set in the era of one of Australia's richest regions for produce and innovation. Since 1898, Defiance Flour has been an iconic name in the region. The main flour milling building was constructed in 1911 and is an impressive piece of turn-of-the-century architecture by W Hodgen.

The centrepiece of the Mills Precinct is undoubtedly the Silo's. This CBD/PDA landmark is wrapped with railway enclaves, clerestory warehouses and intimate milling buildings to form a rugged yet mesmerising architectural fabric.

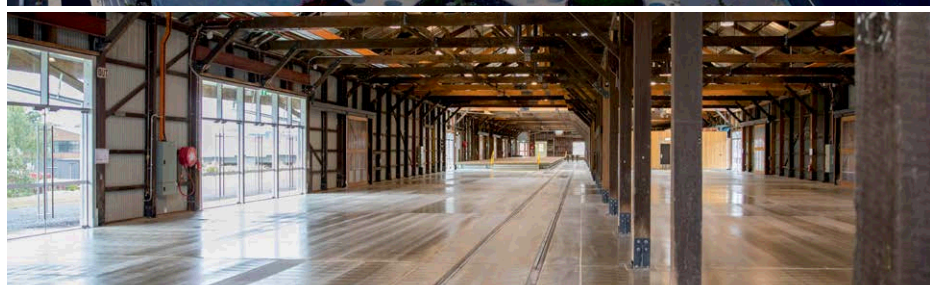
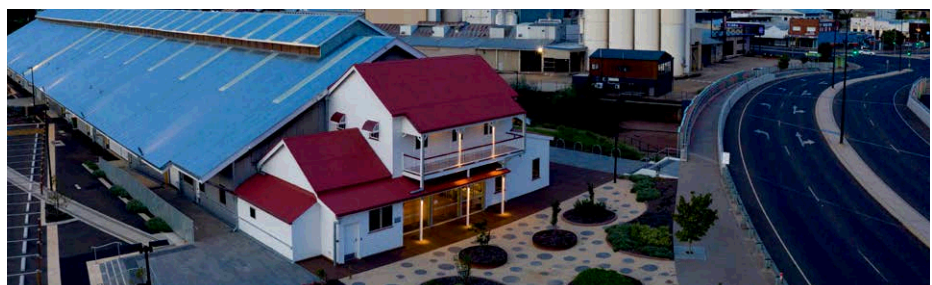
The repurposing of the Mills Precinct is underway, providing commercial office spaces and an events venue. Investment opportunities exist across four precincts:

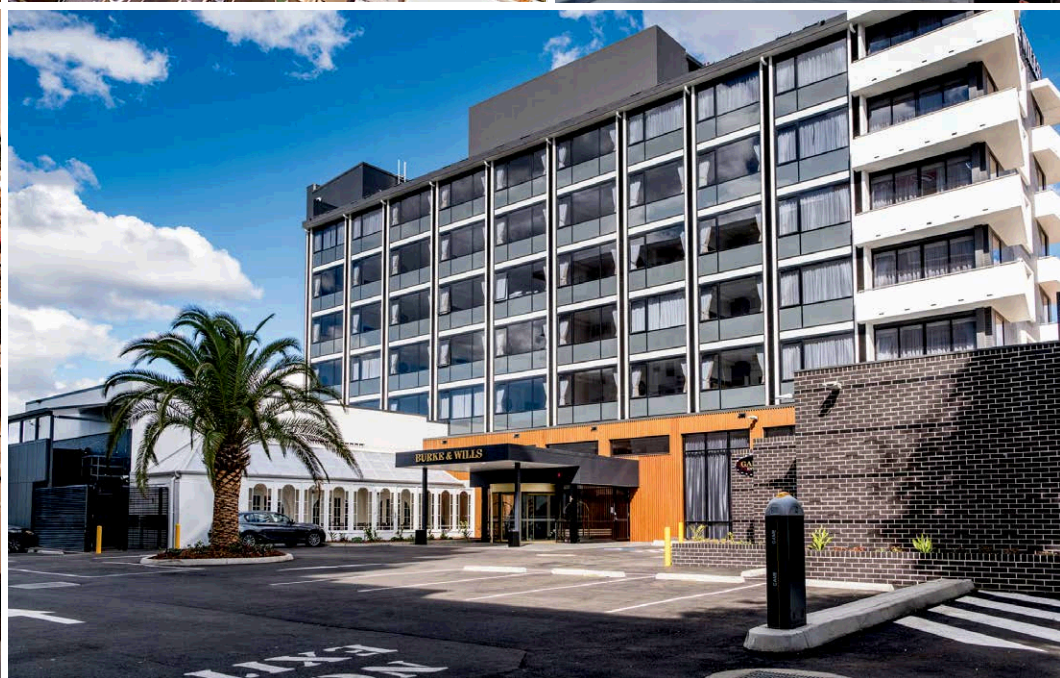
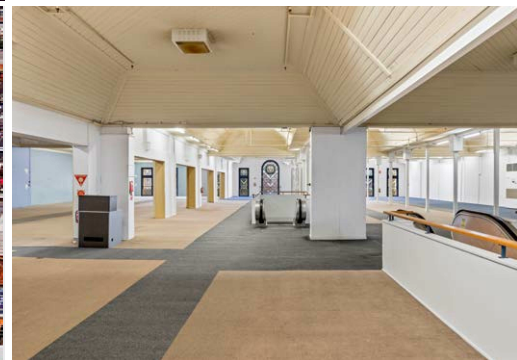
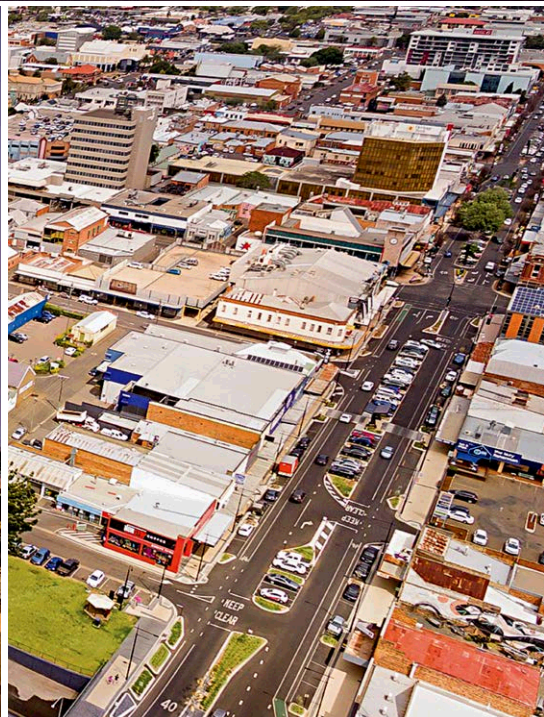
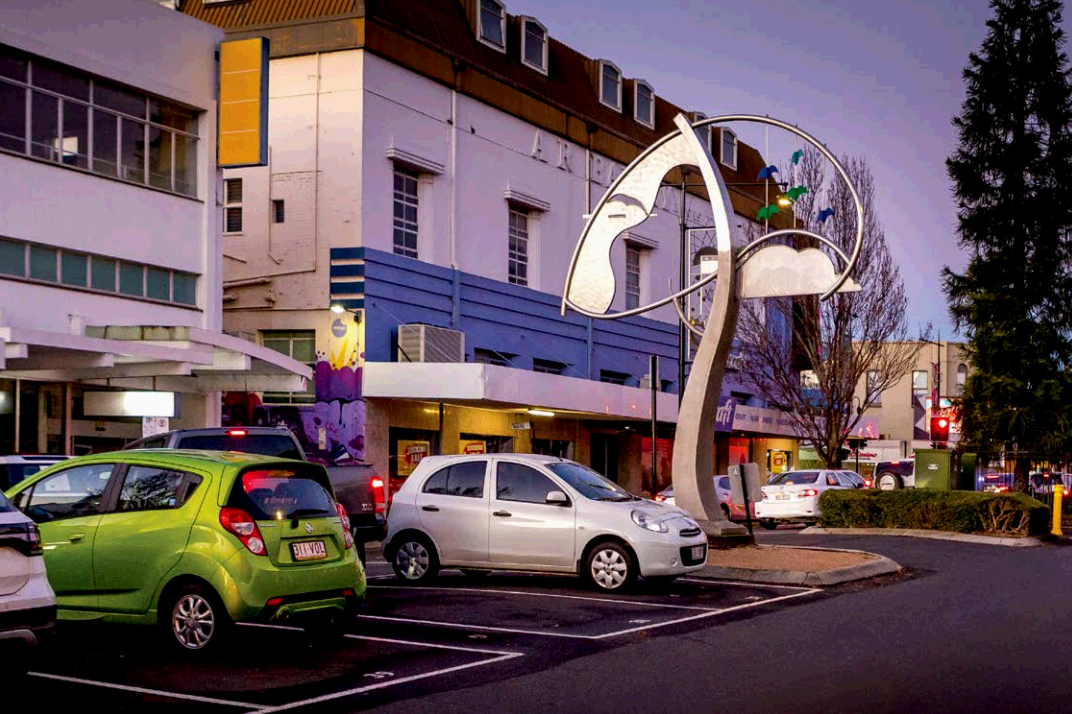
- **Precinct One:** spaces for retail and food outlets
- **Precinct Two:** market hall, recreational and events spaces
- **Precinct Three:** boutique hotel, music, arts and function venues
- **Precinct Four:** urban offices and corporate premises.



THE GOODS SHED: 3 VICTORIA STREET

The Goods Shed is a 120-year-old, heritage-listed building and was repurposed by Council into an event and exhibition facility at a cost of \$10m, supported by a \$5m grant from the Queensland Government. The Goods Shed is a key component of the wider revitalisation of the Railway Parklands Priority Development Area (PDA) and opened on 29th April 2019.







Contact Us

For further information on investing in the Toowoomba CBD and Railway Parklands Priority Development Area please contact:

Andrew Quain

Principal Commercial Development
Strategic Planning & Economic Development
Toowoomba Regional Council

P 131872

E andrew.quain@tr.qld.gov.au W www.tr.qld.gov.au

[in linkedin.com/showcase/invest-toowoomba-cbd](https://www.linkedin.com/showcase/invest-toowoomba-cbd)

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Photo credits:

Walton Stores courtesy of Aspect Architects
Pigotts Building courtesy of VUE
The Arbour courtesy of Aspect Architects
Gasworks Site courtesy of Statik

Sources:

3D Property Consulting & RP Data (2022)
.idpopulationexperts (March 2020) Toowoomba - Inner City Economy
National Institute of Economic and Industry Research (NIEIR) 2019
Queensland Government population projections, 2018 edition
Australian Bureau of Statistics (ABS) 2019
Australian Bureau of Statistics (ABS) Estimated Resident Population (ERP) 2019



**TOOWOOMBA
REGION**
Rich traditions. Bold ambitions.